

**STATE OF CONNECTICUT
CONNECTICUT SITING COUNCIL**

**APPLICATION OF KLEEN ENERGY
SYSTEMS, LLC FOR A CERTIFICATE
OF ENVIRONMENTAL COMPATIBILITY
AND PUBLIC NEED FOR AN ELECTRIC
GENERATING FACILITY AND
SWITCHYARD IN MIDDLETOWN**

DOCKET NO. 225C

JULY 28, 2010

**PREFILED TESTIMONY OF RICHARD E. AUDETTE
ON BEHALF OF KLEEN ENERGY SYSTEMS, LLC**

Q1. Please state your name and business address.

A. My name is Richard E. Audette. My business address is at O&G Industries, Inc. located at 112 Wall Street, Torrington, Connecticut 06790-5464 I also maintain an office at the Kleen Energy Facility located (the "Facility") at 1349 River Road, Middletown, Connecticut 06457.

Q2. Please describe your background and experience.

A. In am the Project Director for the Kleen Energy Facility for O&G Industries, Inc. ("O&G"), the EPC contractor for Kleen Energy project.

Q3. What are your responsibilities with respect to Kleen Energy Systems, LLC ("Kleen Energy")?

A. I am the project director for O&G in its capacity as the general contractor for Kleen Energy power plant Project that is currently being constructed in Middletown, Connecticut. As such, I am in charge of coordinating all construction activities including coordination of all subcontractors and work schedules, procurement, and coordination of subcontractors and vendors.

Q4. What is the purpose of your testimony?

A. The purpose of my testimony is to provide information on the steps O&G has taken, on behalf of Kleen Energy, since the explosion that occurred on February 7, 2010 to conduct damage assessments, to perform demolition and rebuilding activities and to coordinate the construction schedule for O&G to ensure project construction completion.

Q5. What is the status of the custody of the Facility?

A. Mr. Corvo's testimony discusses the history of the investigations at the facility in greater detail. It should be noted, however, that on June 29th, the U.S. Chemical Safety Board (the "CSB"), in collaboration with O&G, Frank Lil and Ducci Electric, successfully completed the Fuel Gas System Open Flow Path Determination Test. After the successful testing, the CSB released the entire gas train to O&G without restrictions. As of this date, the entire site has been returned to the sole care, custody and control of O&G.

Q6. What is the status of the demolition work, which resulted from the February 7, 2010 explosion?

A. O&G has completed all demolition work at the Facility including removing damaged structures and debris at the Facility that resulted from the February 7, 2010 explosion. The work at the facility is now focused exclusively on repairing the facility, and there are now approximately 350 tradespeople actively working at the facility.

Q7. How did the February 7, 2010 explosion impact Kleen Energy's completion schedule?

A. Just prior to the February 7, 2010 explosion, the project was estimated to be 97% complete. As of June 30, 2010, the project is approximately 81% completed. As of today's date, the project has an estimated completion date of April 8, 2010. As noted in Mr. Corvo's testimony, that projected completion date continues to be adjusted based on new information reported from vendors and contractors at the Site. However, since the filing of this request for extension with the Council on June 22, 2010, that date has only been adjusted by four (4) days. Based on the information provided to us by our vendors, we believe the Facility will be completed before the requested date on June 30, 2011. A detailed copy of Kleen Energy's current project milestone summary and completion summary is attached hereto as Exhibit A.

Q7. What is the status of the damage assessments at the Facility?

A. As referenced in Mr. Corvo's testimony, despite not having full access to the Facility, O&G was able to bring its vendors on Site to conduct damage assessments during the spring. O&G is expecting completed damages assessment reports from Siemens Power Generation (manufacturer of the Project's combustion and steam turbines), Vogt Power International (manufacturer of the Project's heat recovery steam generators), Flowserve (manufacturer of the Project's boiler feed pumps) and SPX (manufacturer of the Project's cooling tower) all within the next few weeks. However, as discussed in Mr. Corvo's testimony, all vendors conducting damage assessments have continued to provide regular field updates to O&G and we have been continuously utilizing those updates to adjust the recovery and completion schedule as well as ordering necessary procurements.

During the month of May, several key vendors for the project, including material equipment suppliers such as Siemens Power Generation, Vogt Power International, SPX and Flowserve, commenced their detailed damage assessments of the equipment at the facility. As the Council is aware, these are complex systems, and the assessments can take from several weeks to several months to complete. While the final evaluations are still pending, these vendors have provided detailed field reports, which include lists of required replacement parts, so that parts may be ordered as quickly as possible. In addition, several vendors have started in-field and off-site repairs where required. At this juncture, none of these vendors have identified any material damage which would adversely impact the anticipated April 8, 2011 project turnover date. A more detailed summary of those ongoing assessments is discussed below.

Q8. What is the status of damage assessments with respect to the key vendors for the project?

A. Siemens Power Generation continued its assessment of the Project's combustion and steam turbines. While Siemens has not yet finalized its review, Siemens has provided field reports to O&G on the assessments to date. At this juncture, Siemens has not identified any material damage which would adversely impact an anticipated project commercial operation date as noted above.

Similarly, Vogt Power International completed its assessment of the Project's heat recovery steam generators Unit #1 and made significant progress on its assessment of Unit #2. Although formal reports are yet to be furnished to Kleen Energy, Vogt commenced in-field

repairs on Unit #1, including welding of cracks between the casings and the vertical support columns, repairs to duct burners, transverse beams, ammonia injection skid and small bore piping. Vogt conducted a hydro test on the unit, on July 16, 2010. Vogt also made good progress on the Unit #2 assessment, identifying repair needs to columns, small bore piping, the SCR framing, casings (similar to Unit #1). Vogt anticipates completing its evaluation of Unit #2 imminently. The assessments completed by Vogt thus far have not revealed material damage which would adversely impact the anticipated April 8, 2011 project commercial operation date.

Q9. How has the project's critical path schedule been impacted?

A. One of the critical path items originally identified by O&G was the replacement of the boiler feed pumps and the possible salvage of two pumps for start-up and commissioning purposes. Flowserve, the manufacturer of the pumps, removed all four pump skids in April, sending these pump skids to Flowserve's New Jersey Service Center for further inspection and assessment. In June, Flowserve concluded that two of the pumps are salvageable and began the necessary repairs. O&G anticipates receiving two operational pumps and motors within the next few weeks. These two pumps will be available to the Project for start-up and commissioning of the project, thereby removing the boiler feed pumps from the critical path schedule. Four new boiler feed pumps are on order with Flowserve, and they will be installed at the Project once they are delivered.

During June, SPX, manufacturer of the cooling tower, made significant progress in its mechanical assessment of its equipment, and it commenced in-field repair work identified previously. Further, SPX made recommendations on additional replacement parts, including the fill, drift eliminators, top deck and miscellaneous supports. Also during the month, SPX removed the cooling tower motors and gearboxes for shipment to its factory for testing and provided a full repair scope, including cost and completion schedule to O&G. None of the damage identified to date is considered critical path.

As a result, the current driver for the project's critical path schedule is the repairs to the heat recovery steam generators. As discussed above, the repair of this damage is not anticipated to adversely impact the anticipated April 8, 2011 project commercial operation date.

At this juncture, O&G has not yet attempted any refinements to the initial restoration and completion schedule it provided to Kleen Energy. The schedule targets a project turnover date of on or about April 8, 2011. Kleen Energy anticipates further refinement of the completion schedule may occur in the coming weeks as the vendor assessments conclude and any associated damage and procurement needs become available.

Q10. What is the status of the construction work at the Facility?

A. O&G has continued not only its re-building/recovery efforts but also general completion work that was not impacted by the February 7, 2010 explosion. To this end, the water treatment building, the ammonia storage and the water demineralization building were all rebuilt in whole or part during the month of June. O&G continued to near completion on many other construction activities in undamaged areas, including the water treatment plant, fuel oil tank and delivery systems and water intake structures. As of June 30th, O&G reported the project at approximately 81% complete, which compares to approximately 97% completed at the time of

the explosion. Further, O&G has maintained approximately 350 craft workers and 80 office staff on-site during the month of June. These construction and rebuilding activities are ongoing.

At this point in time, O&G does not foresee any delays that would substantially impact the target completion date of April 8, 2011. In addition, O&G does not foresee any issues that would require a change to the construction of the Facility as approved by the Council. In short, O&G foresees that the Facility will be constructed as approved by the Council on or before April 8, 2011.

Q11. How will the remaining pipe for the Project be cleaned prior to the Project becoming operational?

A. As the Council is aware, the cleanliness of the fuel gas piping in the Project is very important, as the manufacturers of various equipment at the Project have strict cleanliness parameters for their equipment. As has been stated previously, the Project will not use natural gas going forward to clean the piping. Given that natural gas will not be used to clean the piping, other methodologies for pipe cleaning are being examined, and during these examinations, it has become apparent that the current configuration of piping makes it very difficult to utilize other mediums for cleaning. Because the Project is committed to not using natural gas in this way, the Project has been forced to redesign certain elements of the piping in order to develop a design that is capable of being cleaned and meeting cleanliness requirements without the use of natural gas. Protocols and scope of work for the cleaning of the main gas piping system are still being drafted, and are expected to be complete by the end of August 2010. No natural gas will be used to clean the fuel gas pipe at the Project.

Q12. What safety measures has O&G employed at the Site since the February 7, 2010 explosion?

A. O&G continues to ensure that the Facility and its contractors are meeting or exceeding all applicable safety measures. In addition, O&G has employed a new Facility access system to ensure that it can control access to the Facility. Further, as discussed in Mr. Corvo's pre-filed testimony, O&G and Kleen Energy continue to work to develop a safe procedure to clean the gas pipeline at the Facility without the use of natural gas. O&G and Kleen Energy have committed to conduct this necessary cleaning of the gas pipeline at the Facility without the use of natural gas.

Q13. Does this conclude your testimony?

A. Yes it does.

The statements above are true and complete to the best of my knowledge.

July 28, 2010
Date

/s/
Richard E. Audette